



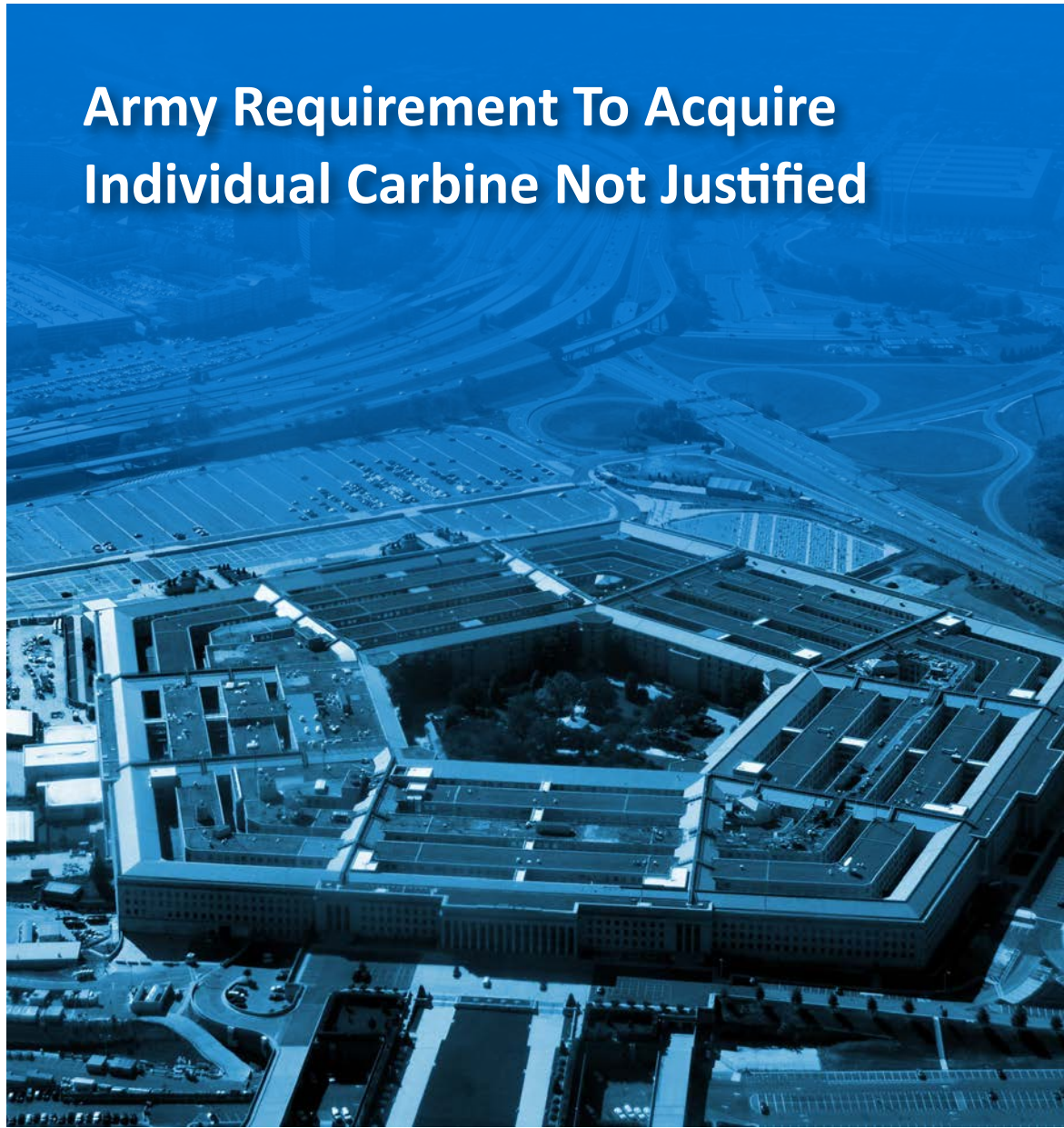
# INSPECTOR GENERAL

*U.S. Department of Defense*

SEPTEMBER 16, 2013



## Army Requirement To Acquire Individual Carbine Not Justified



INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

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## Mission

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# Results in Brief

## *Army Requirement To Acquire Individual Carbine Not Justified*

September 16, 2013

### Objective

We initiated this audit to determine whether the Army justified its competition to acquire a new Individual Carbine (IC) weapon and whether the Army was implementing an effective acquisition strategy.

### Finding

The Army Deputy Chief of Staff, G-3/5/7, did not justify the requirement for a new carbine. This occurred because the Army Deputy Chief of Staff, G-3/5/7, did not follow the Small Arms Capabilities Based Assessment findings and recommendations, and inappropriately approved and validated the requirements document used to support the establishment of the individual carbine program. As a result, the Army wasted about \$14 million on a competition to identify a source to supply new carbines it does not need. In addition, the Army plans to spend \$2.52 billion over a 20-year life cycle to procure and maintain 501,289 carbines that its own analysis suggests can be delayed for another 10 years with no impact on readiness.

We identified potential monetary benefits of \$2.52 billion, \$382 million of funds to put to better use (\$375 million in procurement funding and \$7 million in research, development, test, and evaluation funding) and \$2.14 billion in cost avoidance after FY 2018 if the program is terminated.

On December 28, 2012, we issued a quick reaction memorandum to the Assistant Secretary of the

### Finding Continued

Army (Acquisition, Logistics and Technology) that detailed our concerns with IC product office officials obligating \$420,000 to award contracts to initiate the Phase III of the IC source selection process.

On March 29, 2013, the Assistant Secretary responded to our memorandum. The Assistant Secretary stated that the Army appreciated the opportunity to respond; however, while the Army was assessing the DoD IG findings, the integrity and sensitive nature of the IC source selection process did not allow the Army to address our findings in its response. The Assistant Secretary further stated the Army would not award Phase III contracts until it adequately addressed our findings.

### Recommendations

The Assistant Secretary of the Army (Acquisition, Logistics and Technology) should terminate the Individual Carbine competition and eliminate funding the Individual Carbine program. Also, the Army Deputy Chief of Staff, G-3/5/7, should validate the quantity of M4 carbines needed. If the Army concludes that additional M4 carbines are needed, then the Army should hold a competition to acquire them. Furthermore, the Assistant Secretary of the Army (Financial Management and Comptroller) should reprogram the \$382 million in procurement and research, development, test, and evaluation funding currently allocated to acquire carbines across the FY 2013 to FY 2018 Future Years Defense Program, adjusted by validated M4 carbines needed.

### Comments

Although the Assistant Secretary of the Army (Financial Management and Comptroller), the Assistant Secretary of the Army (Acquisition, Logistics and Technology), and the Army Deputy Chief of Staff, G 3/5/7, did not state whether they agreed or disagreed with our recommendations, their responses met the intent of our recommendations.



## ***Recommendations Table***

Management	Recommendations Requiring Comment	No Additional Comments Required
Assistant Secretary of the Army (Financial Management and Comptroller)		3
Assistant Secretary of the Army (Acquisition, Logistics and Technology)		1
Army Deputy Chief of Staff, G-3/5/7		2



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

September 16, 2013

MEMORANDUM FOR THE AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Army Requirement To Acquire Individual Carbine Not Justified  
(Report No. DODIG-2013-131)

We are providing this report for your information and use. We determined the Army did not justify the need for a new carbine, and as a result, wasted about \$14 million on a competition to identify a source to supply new carbines it does not need. In addition, the Army plans to spend \$2.52 billion over a 20-year life cycle to procure and maintain 501,289 carbines that its own analysis states can be delayed for another 10 years with no impact to readiness. During the audit we identified potential monetary benefits of \$2.52 billion, \$382 million of funds to put to better use and \$2.14 billion in cost avoidance after FY 2018 if the program is terminated. We considered management comments on a draft of this report when preparing the final report. Comments from the Assistant Secretary of the Army (Financial Management and Comptroller), the Assistant Secretary of the Army (Acquisition, Logistics and Technology), and the Army Deputy Chief of Staff, G-3/5/7, conformed to the requirements of DoD Directive 7650.3; therefore, we do not require additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8905 (DSN 664-8905).

A handwritten signature in black ink, reading "Amy J. Frontz".

Amy J. Frontz  
Principal Assistant Inspector General  
for Auditing

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# Introduction

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## Objective

The audit objective was to evaluate the Army's requirements and acquisition strategy for improving the Individual Carbine (IC) weapon. Specifically, the audit evaluated whether the Army justified its competition to acquire a new IC weapon and whether the Army was implementing an effective acquisition strategy. See Appendix A for a discussion of the audit scope and methodology and prior coverage.

## Background

The IC program is an Acquisition Category II major system program that entered the Engineering and Manufacturing Development phase of the acquisition process on April 7, 2011. The IC program was designated as an Army Acquisition Executive special interest program and placed on the Office of the Secretary of Defense, Director of Operation Test and Evaluation Oversight List. As of May 2013, the Army had spent about \$14 million in research, development, test, and evaluation funds and plans to spend an additional \$2.52 billion to acquire, operate, and support 501,289 carbines over a 20-year life cycle.

## Army Previously Concluded That the Introduction of New Carbine Without Significantly Improved Performance Was Unacceptable

Before 2008, the Army's position was that it did not require a new carbine. As reported in DoD IG Report No. D-2007-026, "Competition of the 5.56 Millimeter Carbine," November 22, 2006, the Program Executive Office (PEO) Soldier, through the U.S. Army TACOM Life Cycle Management Command, prematurely released a presolicitation notice for the competition of the 5.56-mm carbine before it contacted Colt, the original equipment manufacturer, to determine whether it would lower unit prices on future M4 carbine buys. In addition, the U.S. Army TACOM Life Cycle Management Command did not evaluate whether the competition was justified or obtain approval from senior Army leadership. During the audit, PEO Soldier completed a business case analysis to determine whether a competition for the 5.56-mm carbine was justified. PEO Soldier concluded that the best economic course of action was to sole-source its carbine requirements to Colt for part of FY 2006 and then conduct a full and open competition in FY 2007 that would include a requirement for a 15,000-round barrel.

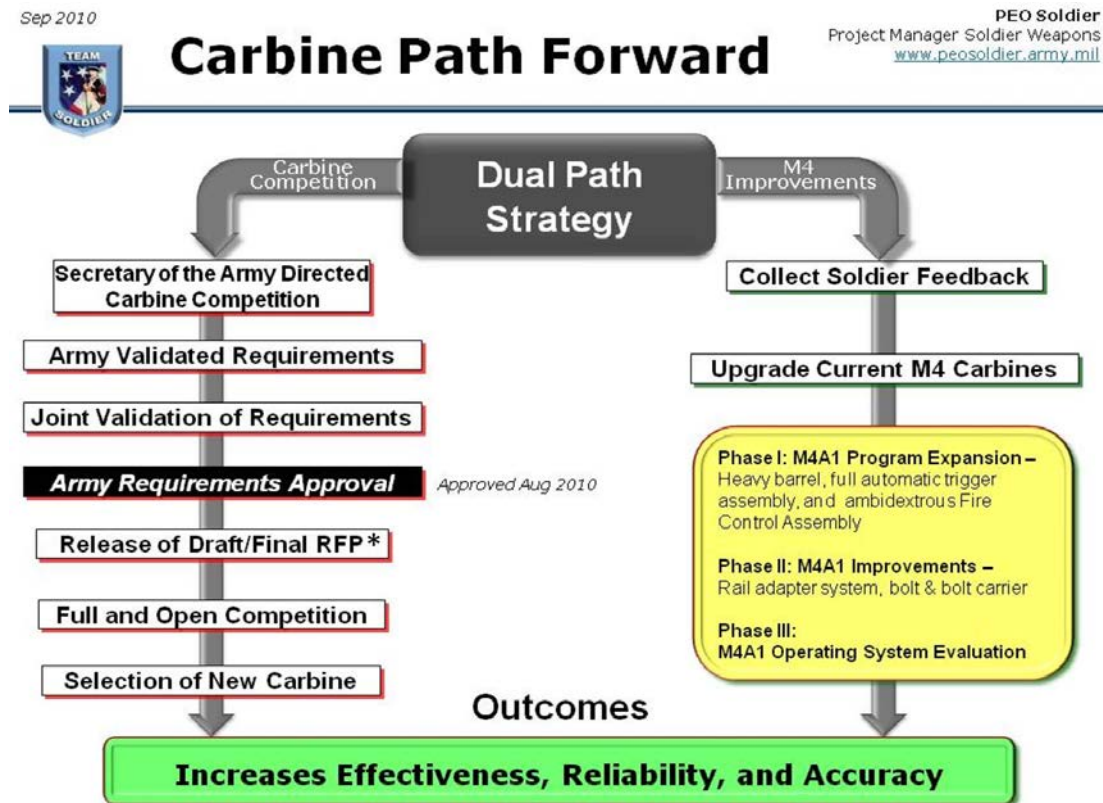
On April 27, 2006, the Deputy Program Executive Officer Soldier briefed the business case analysis results to the Assistant Secretary of the Army (Acquisition, Logistics and Technology). The Assistant Secretary determined that the results of the business case analysis “were not sufficiently discriminatory to justify competition.” In addition, he directed PEO Soldier to negotiate further M4 carbine unit price reductions with Colt and to sole-source with Colt to continue supplying soldiers with M4 carbines. Furthermore, the Assistant Secretary stated that if Colt provides M4 carbines at a “reasonable price to the Army, the Army will continue to purchase M4 carbines through June 2009 or until the Joint Requirements Oversight Council approves a new requirement for a carbine.”

On June 12, 2006, the Army Deputy Chief of Staff, G-3/5/7, issued a memorandum to the Assistant Secretary of the Army (Acquisition, Logistics and Technology) that stated the Army’s introduction of a new carbine design without significantly improved performance was unacceptable and that the Army did not have a requirement for higher performance on which to base a competition. Furthermore, the Army Deputy Chief of Staff, G-3/5/7, stated that soliciting any requirement for a carbine capability, involving potential schedule slippages, different operational characteristics, or the inadvertent introduction of new parts and assemblies that may not be fully interchangeable with the current M4 carbine design and stocked items, has unacceptable risks.

## **Army Executes Dual Path Strategy for Next Generation of Army Service Rifles**

In October 2009, the Army devised a dual path strategy intended to improve its inventory of service carbine weapons. As shown in Figure 1, the strategy comprised two programs – the M4 Product Improvement program and the IC program (the latter being the subject of this audit).

Figure 1. The Army Carbine Dual Path Strategy



\* Request for Proposal (RFP)

The dual path strategy continued the Army practice of upgrading the M4 carbine while simultaneously challenging industry through a carbine competition to deliver an entirely new weapon system capable of outperforming the M4.

### M4 Product Improvement Program

One path of the strategy involves the M4 Product Improvement program. Since 1990, the M4 weapon system has had more than 90 performance-enhancing changes. The main purpose of the M4 Product Improvement program is to upgrade all Army M4 carbines to the M4A1 configuration, which has a fully automatic capability, an ambidextrous selector switch, and a heavier barrel that increases both the weapon's sustained rate of fire and barrel life. A second phase will explore future improvements for the carbine including delivery of enhanced ergonomics, reliability, durability, and zero retention.<sup>1</sup> See Appendix B for a figure showing the evolution of the M4 carbine and the M16 family of weapons and additional information on the M4 carbine improvements.

<sup>1</sup> Zero retention is the ability to exchange optics without requiring the weapon to be re-zeroed or re-calibrated.

## ***Army Used a Three-Phased Process for IC Competition***

The other path in the strategy involves the IC program, which aims to challenge industry to deliver an entirely new weapon system that can outperform the M4. Following the approval of a new carbine requirement, the Secretary of the Army directed a full and open competition of an IC that addresses current and future threats. The Army devised a three-phased process to select the winner of the IC competition.

- Phase I - The Army evaluated companies that proposed to supply carbines to meet the desired attribute requirements.
- Phase II - Army testers fired hundreds of thousands of rounds through offerors' test weapons to assess accuracy, reliability, and durability. The Army completed this phase in December 2012. The Army planned to award contracts to up to three offerors who would advance to Phase III.
- Phase III - Using the contracts issued, the Army planned to buy more weapons to conduct further testing on the three successful offerors' weapons against key performance requirements. The Army also planned to perform limited user evaluations to obtain operational input to support the selection of the winning offeror.

At the completion of source selection, the Army plans to conduct a cost benefit analysis to make an informed decision on whether to buy the carbine selected during the IC competition as compared to the improved M4 carbine is in the Army's best interest. The total cost of the program is estimated at \$2.53<sup>2</sup> billion for the acquisition of 501,289 carbines.

## **Program Management**

The Assistant Secretary of the Army (Acquisition, Logistics and Technology) is the Milestone Decision Authority for the IC program. PEO Soldier has oversight of the carbine competition. Its mission is to develop, acquire, field and sustain affordable integrated state of the art equipment to improve Soldier dominance in Army operations today and in the future. Project Manager Soldier Weapons is responsible for managing what Soldiers wear or carry into combat focusing on equipping soldiers with world class weapon systems, ammunition, and related target acquisition and fire control products. Product Manager Individual Weapons is the component of Project

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<sup>2</sup> The \$2.53 billion consists of about \$14 million in research, development, test, and evaluation funds already spent and an additional \$2.52 billion to acquire, operate, and support 501,289 carbines over a 20-year life cycle.

Manager Soldier Weapons responsible for research and development of current and future rifles, carbines, pistols, shotguns, grenade launchers, small arms ammunition, and related target acquisition/fire control products, to include the IC program. See Appendixes C and D for a detailed timeline of key IC program events and activities.

## Review of Internal Controls

DoD Instruction 5010.40, "Managers' Internal Control Program (MICP) Procedures," July 29, 2010, requires DoD organizations to implement a comprehensive system of internal controls that provide reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified an internal control weakness with the Army's IC program quantity requirement. The organizations involved in establishing the IC requirement did not maintain documentation to show how the number of carbines required was determined and had not revised the quantity of carbines that the Army planned to buy under the IC program based on planned changes in the Army force structure. None of the Army G-3/5/7, G-8, and Maneuver Center of Excellence officials whom we contacted could identify which Army organization was responsible for maintaining the documentation. However, they all agreed that the IC program requirements were derived from the original M4 requirement and were carried forward to the IC program. DODIG Report No. 2012-121, issued on September 7, 2012, addressed Army organizations not maintaining documentation to show how requirements were derived. Therefore, we are not making an additional recommendation in this report. We will provide a copy of the report to the senior official responsible for internal controls in the Department of the Army.



## Finding

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### Army Strategy To Acquire Individual Carbines Not Supported

The Army Deputy Chief of Staff, G-3/5/7, did not justify the requirement for a new carbine. This occurred because the Army Deputy Chief of Staff, G-3/5/7:

- did not follow the Small Arms Capabilities Based Assessment findings and recommendations, and
- inappropriately approved and validated the requirements document used to support the establishment of the individual carbine program.

As a result, the Army wasted about \$14 million on a competition to identify a source to supply new carbines it does not need. In addition, the Army plans to spend \$2.52 billion over the life of the program to procure and maintain 501,289 carbines that its own analysis suggests can be delayed for another 10 years with no impact on readiness.

### Policy on Identifying and Validating Capability Requirements

Chairman of the Joint Chiefs of Staff Instruction 3170.01G, "Joint Capabilities Integration and Development System (JCIDS)," March 1, 2009, stated the purpose of this instruction is to establish the policies for the JCIDS.<sup>3</sup> The JCIDS process is used to identify and assess capability needs and associated performance criteria to be used as a basis for acquiring the right capabilities. This process is initiated through the execution of the capabilities based assessment (CBA). The objective of the CBA is to validate capability gaps by identifying the mission, the capabilities required and associated operational risks; assessing the viability of a nonmateriel and materiel solution; and providing a potential recommendation.

JCIDS Manual, "Manual for the Operation of the Joint Capabilities Integration and Development System," February 2009,<sup>4</sup> provides guidance on CBAs and the development of key performance parameters. The CBA becomes the basis for validating capability

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<sup>3</sup> This instruction was updated and replaced by Chairman of the Joint Chiefs of Staff Instruction 3170.01H, "Joint Capabilities Integration and Development System," January 10, 2012.

<sup>4</sup> The manual was updated and replaced by JCIDS Manual, "Manual for the Operation of the Joint Capabilities Integration and Development System," January 31, 2010.

needs and results in the potential development and deployment of new or improved capabilities. Key performance parameters should be directly traceable to the most critically needed attributes of capabilities defined in the Initial Capabilities Document or other Joint Requirements Oversight Council validated documents.

Army Regulation 71-9, "Warfighting Capabilities Determination," December 28, 2009, implements the JCIDS within the Department of Army. The regulation establishes policies and assigns responsibilities for the identification, determination, and integration of required warfighting capabilities. The regulation states that a new materiel solution for a capability gap will be developed only after all other solutions are deemed nonoptimal for a required capability. The regulation further requires Capabilities Development Documents (CDD) to contain sufficient key performance parameters to capture the minimum operational effectiveness, suitability, and sustainment attributes needed to achieve overall desired capabilities for the system.

## **Small Arms Capabilities Based Assessment Did Not Identify the Need for a New Carbine**

In April 2008, the U.S. Army Infantry Center issued the JCIDS CBA for Small Arms (SA) weapons. The CBA identified SA capability gaps and provided analysis to support revising SA requirements, to include the carbine. The CBA evaluated the Joint requirements of individual warfighters such as combat, combat support, and combat service support personnel. It also evaluated small units that employ SA as a primary means of accomplishing offensive and defensive missions, and established tasks, conditions, and standards for SA weapons usage through FY 2015.

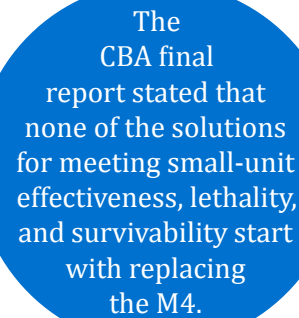
### ***Small Arms Capabilities Based Assessment Methodology***

The CBA included three analyses: functional area analysis, functional needs analysis, and functional solution analysis. As a group, the analyses identified required SA capabilities, including identifying the tasks, conditions, and standards related to the execution of the required capabilities; and assessed whether the current and programmed force could accomplish the tasks to standards or whether capability gaps existed. The SA CBA then evaluated and recommended potential nonmateriel (for example, doctrine, organization, training, leadership and education, personnel, and facilities) and materiel approaches to close or mitigate the gaps determined to pose an unacceptable risk to the force.

The U.S. Army Infantry Center used a study team<sup>5</sup> to conduct these analyses. As a part of these analyses, the study team used previous analyses, operational test data, validated and nonvalidated model results, data from recent operations, projected threat weapons estimates, and subject matter experts. In addition, the study team used professional military judgment to supplement quantitative data and analysis, relied on subject matter experts to identify conditions and standards where none were defined, and used warfighters to validate tasks, conditions, and standards.

### ***Small Arms Capabilities Based Assessment Findings and Recommendations***

The study team determined there were significant SA gaps in soldier and small-unit capabilities that needed to be addressed through a combination of materiel and nonmateriel solutions. In addition, the study team concluded that there were no “silver bullet” solutions to any one gap and that some capability gaps required additional analyses around which solution combinations could be built. The study team also concluded that several materiel and nonmateriel solutions existed that could significantly mitigate some of the gaps within the time frame of the CBA. However, the CBA final report stated that none of the solutions for meeting small-unit effectiveness, lethality, and survivability start with replacing the M4.



The CBA final report stated that none of the solutions for meeting small-unit effectiveness, lethality, and survivability start with replacing the M4.

### **Army Inappropriately Approved and Validated the Individual Carbine Capability Development Document**

On August 9, 2010, the Army Deputy Chief of Staff, G-3/5/7, inappropriately approved the IC CDD. The CDD identified the following five small arm CBA capability gaps to justify the need to provide the warfighter with a compact weapon system that was more reliable, easier to maintain, had a higher rate of fire, and was more accurate and lethal, especially at extended ranges, than the M4.

- Current small arms experience too many malfunctions in harsh environments,
- Current small arms require too much maintenance, particularly in harsh environments, to operate reliably,

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<sup>5</sup> The study team comprised requirements developers, research and analysis centers, product (and project) management groups, warfighters, support contractors, and subject matter experts from the Army, Marine Corps, Air Force, and Special Operations community.

- Warfighters lack the ability to achieve desired accuracy and incapacitating effects against personnel from 0 to 500 meters,
- Squads lack the ability to achieve desired accuracy and incapacitating effects at ranges up to 600 meters, and
- Small arms present visual and audible signatures that allow the threat to localize U.S. forces too readily.

The Army identified four key performance parameters<sup>6</sup> in the IC CDD that the Army determined were essential to address those gaps. In accordance with U.S. Army Requirements Oversight Council direction, the IC key performance parameters were baselined on the current M4A1 capability. The M4A1 fulfills the Army's IC threshold requirements. According to the Army Assistant Deputy Chief of Staff for Operations, G-3/5/7, the Army's carbine requirement did not involve fulfilling a capability, but was rather a legal requirement for additional units (quantity). The Army Assistant Deputy Chief of Staff for Operations, G-3/5/7, further stated that the Army chose not to modify the existing M4A1 contract to fulfill its need because the Secretary of Army directed an open competition for new carbine buys beyond those immediately purchased for the war. The Army Assistant Deputy Chief of Staff for Operations, G-3/5/7, further stated the Army was willing to invest the \$20 plus million in the competition for the confidence that no alternate design was currently available with significantly improved performance over the M4A1.

The Army's carbine requirement did not involve fulfilling a capability, but was rather a legal requirement for additional units (quantity).

Before any action is taken in the JCIDS process related to reviewing and validating requirements documents, sponsors must first identify capability requirements related to their assigned functions, roles, missions, and operations, and then determine if there are any capability gaps which present an unacceptable level of risk and warrant further JCIDS action. If the sponsor, in this case the Army, identifies capability requirements that can be satisfied with current or projected capability solutions, then no capability gap exists, and no JCIDS action is started. Therefore, the Army Deputy Chief of Staff, G-3/5/7, should not have approved the IC CDD. When we raised this with the Army Assistant Deputy Chief of Staff for Operations, G-3/5/7, he did not provide

<sup>6</sup> The IC program's key performance parameters are: System Accuracy/Dispersion, System Reliability, Compatibility, and Operational Availability. The key performance parameters, along with the key system and performance attributes, define the minimum requirements for producing the increment of capability to meet the Warfighter's needs as described in the CDD.

us with an explanation for why the Army Deputy Chief of Staff, G-3/5/7, validated the CDD for the IC as a new requirement and why it was used as the basis to initiate this acquisition program when no capability gap existed.

## Army Initiated Program To Acquire an Improved Carbine That Was Not Needed

On October 2, 2008, the Secretary of the Army issued a memorandum to the Army Acquisition Executive (AAE), the Assistant Secretary of the Army (Financial Management and Comptroller), and Army Vice Chief of Staff, that endorsed the use of emerging threat analysis to develop a new carbine requirement and directed them to initiate a best value, full and open competition for carbines following the approval of a new requirement. Specifically, the Secretary stated:

Given the Department's significant interest in providing our Soldiers with the best small arms weapons available, I direct you to take all necessary actions to initiate a best value, Full and Open Competition for carbines beginning no later than the end of Fiscal Year 2009.

. . . . .

The Army Requirements Oversight Council directed that the Training and Doctrine Command **use the emerging threat analysis to develop a new carbine requirement** and have the document prepared and submitted to Headquarters, Department of the Army by the end of 1st quarter Fiscal Year 2009. **I endorse this instruction and I further direct that those efforts be focused and expedited to achieve a new Joint Capabilities Integration and Development System carbine requirement not later than the end of Fiscal Year 2009. Following the approval of a new requirement, I direct a Full and Open Competition for a carbine that addresses current and emerging threats. [Emphasis added]**

The Secretary of the Army's direction was affirmed in Section 143, "Small Arms Acquisition Strategy and Requirements Review," of Public Law 110-417, "the Duncan Hunter National Defense Authorization Act for 2009," October 14, 2008. Specifically, paragraph (b), "Competition for a New Individual Weapon," states:

- (1) COMPETITION REQUIRED.—**If the small arms capabilities based assessments by the Army identifies gaps in small arms capabilities and the Secretary of the Army determines that a**

**new individual weapon is required to address such gaps, the Secretary shall procure the new individual weapon using full and open competition as described in paragraph (2).**

(2) FULL AND OPEN COMPETITION.—The full and open competition described in this paragraph is competition among all responsible manufacturers that —

(A) Is open to all developmental item solutions and non-developmental solutions; and

**(B) Provides for the award of a contract based on selection criteria that reflects [sic] the key performance parameters and attributes identified in a service requirement document approved by the Army. [Emphasis added]**

Based on that direction, the AAE issued Memorandum, “Acquisition Decision Memorandum for Individual Carbine (IC) Milestone (MS) B Approval,” April 7, 2011, that provided the PEO Soldier approval to initiate the IC program at the Engineering and Manufacturing Development phase of the acquisition process. The AAE also authorized the PEO Soldier to expend the appropriate funding to execute the strategy and release the final request for proposals to initiate and conduct the IC competition under full and open competition procedures.

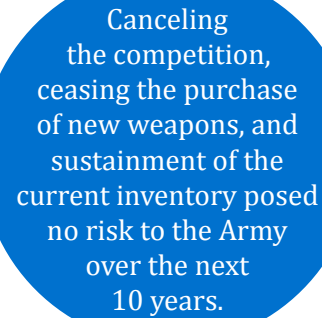
## **Army Organizations Recommend Suspending the Individual Carbine Competition and Source Selection Efforts**

On January 5, 2012, the Commanding General, U.S. Army Maneuver Center of Excellence,<sup>7</sup> issued a memorandum recommending suspending the IC competition efforts and source selection process. The Commanding General stated that the ongoing M4 Carbine Product Improvement program would provide some of the capabilities expected to be gained through the IC competition. Therefore, the Army’s immediate need for the IC source selection efforts was not as great. The Commanding General also stated that the Army should focus its limited funding on its highest priority capability needs.

<sup>7</sup> The U.S. Army Maneuver Center of Excellence is a part of the U.S. Army Training and Doctrine Command.



On January 27, 2012, the U.S. Army Requirements Oversight Council met to discuss the way forward for the IC program. In addition to the status quo and the U.S. Army Training and Doctrine Command's recommendation above, the Headquarters Department of Army, G-4, who is responsible for sustainment of the logistics functional area and serves as the principal military advisor to the Assistant Secretary of the Army (Acquisition, Logistics and Technology), determined that canceling the competition, ceasing the purchase of new weapons, and sustainment of the current inventory posed no risk to the Army over the next 10 years.



Canceling the competition, ceasing the purchase of new weapons, and sustainment of the current inventory posed no risk to the Army over the next 10 years.

In addition, the Army Director of Capabilities Integration, Prioritization, and Analysis, G-3/5/7, stated in a February 10, 2012, e-mail that the Army Chief of Staff agreed with U.S. Army Training and Doctrine Command's recommendation. Specifically, the Director stated that the Army Chief of Staff:

- was confident with the current M4's capabilities, in particular after all the improvements done to date,
- concurred with U.S. Army Training and Doctrine Command that because of current carbine capabilities, additional carbines are a low priority in the Soldier portfolio,
- acknowledged the Army had sufficient carbines on hand to meet Army requirements,
- acknowledged the risk that if a new carbine is chosen it would take two decades to replace the current inventory at current funding levels of about \$80 million per year, and
- believed the current situation of lowered Army [force] structure creates conditions to decide the carbine question.

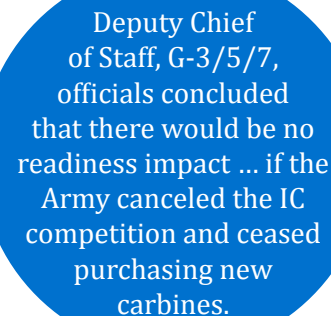
The Director further stated that the Army Chief of Staff recommended that the Secretary of the Army cancel the competition and cease purchasing new carbines, retain IC requirement documents as a baseline for a future competition, sustain and modernize its current M4 inventory, given budgetary priorities, and take a strategic pause in procuring new carbines. In April 2012, the Secretary of the Army directed the continuation of the IC competition.

## ***Early DoD IG Concerns Raised With Continuation of the IC Competition***

On December 28, 2012, we issued a quick reaction memorandum to the Assistant Secretary of the Army (Acquisition, Logistics and Technology) that detailed our concerns with IC product office officials obligating \$420,000 to award contracts to initiate Phase III of the IC source selection process. Specifically, we noted that the:

- Army does not have a need for a new carbine,
- 2008 Small Arms CBA did not identify any capability gaps that required replacing the Army's current carbine,
- Army primarily based minimally acceptable values for IC's key performance requirements, as identified in the approved CDD, on the capabilities of the M4 carbine, and
- Army's sole requirement was for additional carbines.

We also questioned whether the Army still needed additional carbines. According to Army officials, changes to the Army force structure have reduced the number of carbines required. Deputy Chief of Staff, G-3/5/7, officials concluded that there would be no readiness impact and minimal to moderate industrial base impact if the Army canceled the IC competition and ceased purchasing new carbines. Therefore, we suggested that the Assistant Secretary of the Army (Acquisition, Logistics and Technology) cancel the IC competition and avoid the unnecessary contract costs associated with the award of three contracts at the end of Phase II of the IC program's source selection process. In the quick reaction memorandum, we estimated the total cost of the program at \$1.768 billion. Further analysis identified the Army's Cost Position for the IC program to be \$2.529 billion. Table 1 identifies the Army's Cost Position contained in the approved Acquisition Program Baseline.



Deputy Chief of Staff, G-3/5/7, officials concluded that there would be no readiness impact ... if the Army canceled the IC competition and ceased purchasing new carbines.

Table 1. Individual Carbine Program Army Cost Position

Appropriation	Objective	Threshold	ACP*	Army Comments
	(millions)			
RDT&E	\$18.0	\$26.2	\$18.0	Objective is ACP
Procurement	1,000.0	1,534.0	1,534.0	Threshold is ACP
Operations & Support	750.0	977.0	977.0	Threshold is ACP
Total	\$1,768.0	\$2,537.2	\$2,529.0	

\*Army Cost Position

On March 29, 2013, the Assistant Secretary of the Army (Acquisition, Logistics and Technology) responded to our memorandum. In the response, the Assistant Secretary stated that the Army appreciated the opportunity to respond; however, while the Army was assessing the DoD IG findings, the integrity and sensitive nature of the IC source selection process did not allow the Army to address our findings in its response. The Assistant Secretary further stated that the Army would not award Phase III contract(s) until it adequately addressed our findings. Appendix E contains the quick reaction memorandum and response.

## Conclusion

The Army Deputy Chief of Staff, G-3/5/7, did not justify the need for a new carbine. Although the 2008 SA CBA concluded significant SA gaps existed in soldier and small-unit capabilities that needed to be addressed, none of the solutions for resolving the gaps required replacing the M4. Conversely, the CBA found there were no “silver bullet” solutions to any one gap and that some capability gaps required additional analyses around which solution combinations could be built. The CBA also concluded that several materiel and nonmateriel solutions existed that could significantly mitigate some of the gaps within the time frame of the CBA.

In 2006, the Army position was that the introduction of a new carbine design without significantly improved performance was unacceptable and that the Army did not have a requirement for higher performance on which to base a competition. We found no evidence to suggest that anything has changed since then. That the Army based the threshold or minimum acceptable requirements for IC’s key performance parameters on those of the M4A1 supports the conclusion that the Army still does not have a need for a carbine with higher performance. Because the M4A1 is capable of satisfying the Army’s IC threshold performance requirements, no capability gap existed that would justify the Army Deputy Chief of Staff, G-3/5/7, approving the CCD used to establish the IC program.

The Assistant Secretary of the Army (Acquisition, Logistics and Technology) should terminate the IC competition and eliminate funding for the IC program; and the Army Deputy Chief of Staff, G-3/5/7, should reassess whether additional M4A1 carbines are needed. If the Army Deputy Chief of Staff, G-3/5/7, concludes that additional M4A1 carbines are needed, the Assistant Secretary of the Army (Acquisition, Logistics and Technology) should hold a competition to acquire them. If Army officials terminate the IC program and conclude that they no longer need additional carbines, the Assistant Secretary of the Army (Financial Management and Comptroller) could put the \$382 million allocated to the acquisition of carbines in the FY 2013 to FY 2018 Future Years Defense Program to higher Army priorities. Furthermore, the Army could avoid incurring an additional \$2.14 billion in the years beyond the current future years defense program. See Appendix F for details on how potential monetary benefits were calculated.

## Recommendations, Management Comments, and Our Response

We recommend that the:

1. **Assistant Secretary of the Army (Acquisition, Logistics and Technology) terminate the Individual Carbine competition and eliminate funding the Individual Carbine program.**

### ***Assistant Secretary of the Army (Acquisition, Logistics and Technology) Comments***

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army (Acquisition, Logistics and Technology), did not state whether he agreed or disagreed. The Deputy for Acquisition and Systems Management stated that the Army concluded the IC competition on June 13, 2013, because no vendor successfully met all the requirements prescribed by Phase II of the competition. He stated that the remaining research and development funding was reprogrammed into other Operations and Maintenance, Army programs. He also stated that the procurement funding in fiscal years (FYs) 2015 through 2018 that was associated with the IC currently remains within the carbine funding line, which originally supported procurement of both the M4A1 in FY 2013 through 2014 and the winner of the IC competition in FYs 2014 through 2018. The Deputy for Acquisition and Systems Management further stated that the Army is currently reviewing the right mix of M4/M16 capabilities for the near and mid-term

and once that decision is made, the Army will either execute the procurement funds in the carbine line to procure additional M4A1s beyond FY 2014 or re-allocate funding into other programs within the Army.

### ***Our Response***

Although the Deputy for Acquisition and Systems Management did not state whether he agreed or disagreed, we consider the comments responsive, and the actions proposed meet the intent of the recommendation. No further comments are required.

- 2. Army Deputy Chief of Staff, G-3/5/7, validate the quantity of M4A1 carbines needed. If the Army Deputy Chief of Staff, G-3/5/7, concludes that additional M4A1 carbines are needed, the Assistant Secretary of the Army (Acquisition, Logistics and Technology) should hold a competition to acquire them.**

### ***Army Deputy Chief of Staff, G-3/5/7, Comments***

The Director, Capabilities Integration, Prioritization, and Analysis, responding for the Army Deputy Chief of Staff, G-3/5/7, did not state whether he agreed or disagreed. The Director, Capabilities Integration, Prioritization, and Analysis, stated that the Army is currently reviewing the correct mix of M4/M16 capabilities for the near and mid-term. He further stated that this review is in conjunction with the ongoing Small Arms Weapons Strategy development and will include all components of the force, including assessment and analysis of current individual weapons, optics, and training to determine if additional capabilities in range and lethality are needed to avoid overmatch by potential adversaries.

### ***Our Response***

Although the Director, Capabilities Integration, Prioritization, and Analysis did not state whether he agreed or disagreed, we consider the comments responsive, and the actions taken meet the intent of the recommendation. No further comments are required.

- 3. Assistant Secretary of the Army (Financial Management and Comptroller) reprogram the \$382 million in procurement and research, development, test, and evaluation funding currently allocated to acquire carbines across the FY 2013 to FY 2018 Future Years Defense Program, adjusted by validated M4 carbines needed.**

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***Assistant Secretary of the Army (Financial Management and Comptroller) Comments***

The Director of Investment, responding for the Assistant Secretary of the Army (Financial Management and Comptroller), did not state whether he agreed or disagreed. The Director stated that the Army canceled the IC procurement because no vendor successfully met all the requirements. He stated that FY 2013 research and development funding associated with the IC was reprogrammed into Operations and Maintenance, Army Appropriation, and that FY 2014 research and development and procurement IC funding has been zeroed out by the Senate Appropriations Committee–Defense on August 1, 2013. The Director further stated that the IC procurement dollars in FYs 2015 through FY 2018 are under review and that IC funding will be reallocated to other Army priorities.

***Our Response***

Although the Director of Investment did not state whether he agreed or disagreed, we consider the comments responsive, and the actions taken meet the intent of the recommendation.



## Appendix A

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### Scope and Methodology

We conducted this performance audit from August 2012 through July 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We interviewed key personnel and performed fieldwork at the following organizations:

- Individual Carbine Product Office (Picatinny Arsenal, New Jersey);
- Director, Operational Test and Evaluation (Arlington, Virginia);
- United States Army Maneuver Center of Excellence (Fort Benning, Georgia);
- Director, Capabilities Integration, Prioritization and Analysis, G-3/5/7 (Arlington, Virginia);
- Office of the Army Deputy Chief of Staff, G-8 (Arlington, Virginia); and
- Office of the Assistant Secretary of the Army for Acquisition, Logistics and Technology (Arlington, Virginia).

We collected, reviewed, and analyzed documents dated from September 2002 through March 2013. Key documents reviewed related to requirements determination of the IC program included the SA CBA and the CDD. Documents reviewed that related to the acquisition strategy included the Acquisition Strategy/Plan, Acquisition Program Baseline, Source Selection Reports, and Army and Congressional memorandums and letters.

Among numerous guidance and policy documents reviewed, the following DoD and Army issuances were key in determining whether the Army had a valid requirement for a new IC and had an effective acquisition strategy in conducting the IC competition:

- Defense Acquisition Guidebook;
- Chairman of the Joint Chiefs of Staff Instruction 3170.01G, "Joint Capability Integration and Development System," March 1, 2009;

- Chairman of the Joint Chiefs of Staff Instruction 3170.01H, “Joint Capability Integration and Development System,” January 10, 2012;
- Army Regulation 71-9, “Warfighting Capabilities Determination,” December 28, 2009;
- JCIDS Manual, “Manual for the Operation of the Joint Capabilities Integration and Development System,” February 2009 (Updated January 31, 2010); and
- JCIDS Manual, “Manual for the Operation of the Joint Capabilities Integration and Development System,” January 19, 2012.

## Use of Computer-Processed Data

We did not rely on computer-processed data to perform this audit.

## Use of Technical Assistance

We did not use Technical Assistance to perform this audit.

## Prior Coverage on Individual Carbine

During the last 10 years, the Department of Defense, Office of the Inspector General (DoD IG), has issued one report related to the Individual Carbine Program. The Army Audit Agency and GAO have not issued any reports related to the Individual Carbine over the last 10 years. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/audit/reports>.

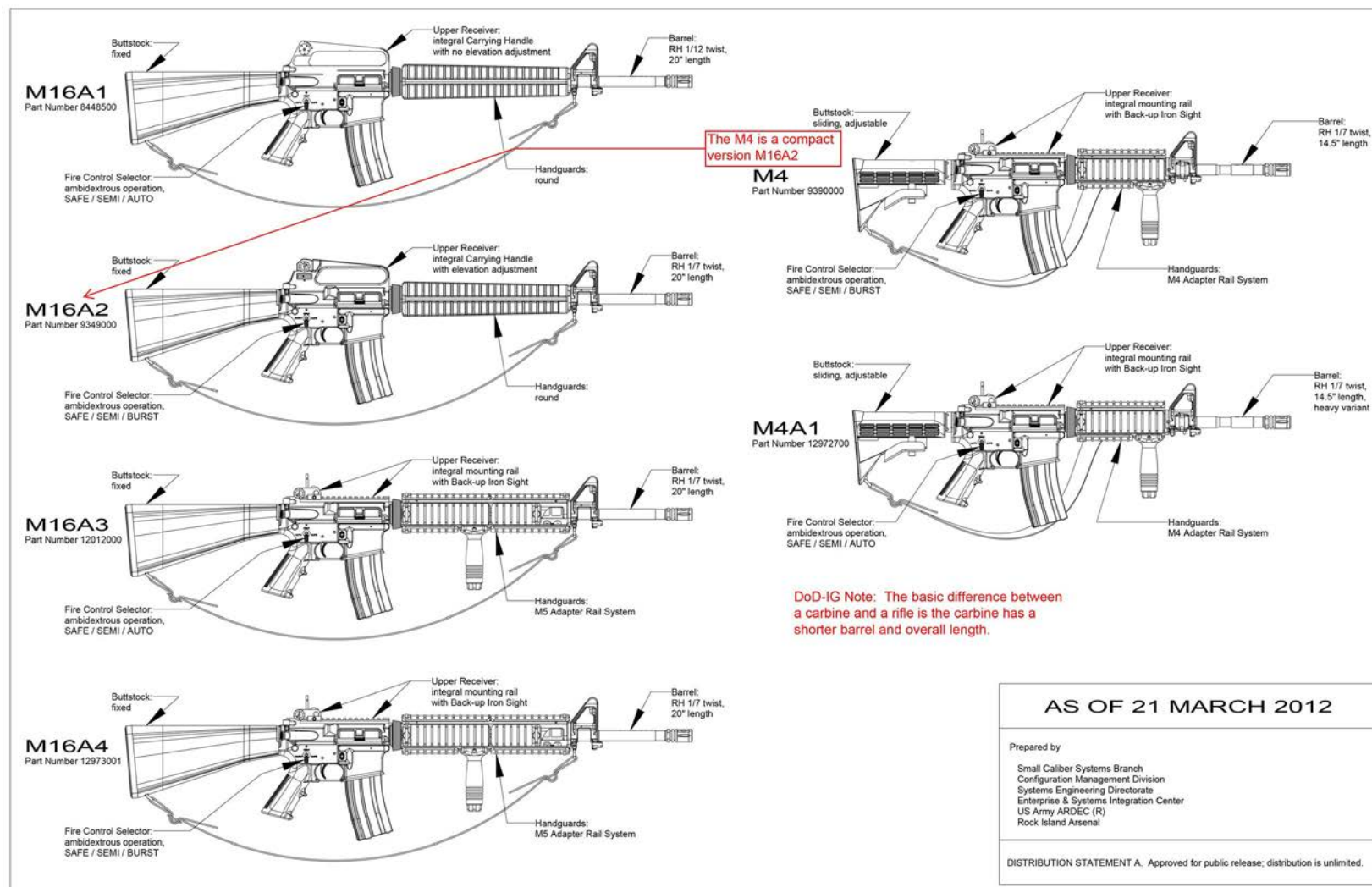
### **DoD IG**

Report No. D-2007-026, “Competition of the 5.56-Millimeter Carbine,” November 22, 2006. <http://www.dodig.mil/audit/reports>.

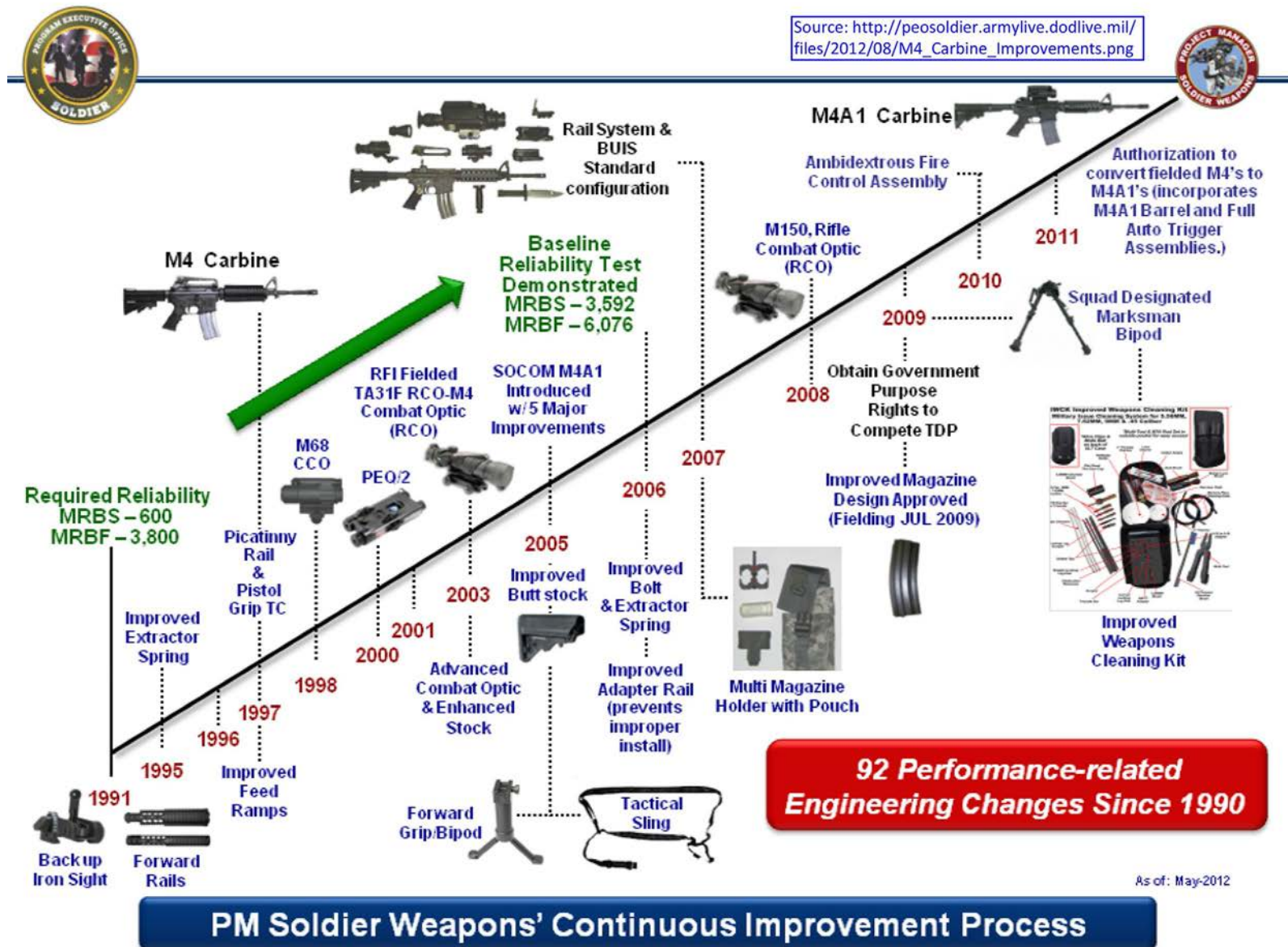
## Appendix B

### M16 Rifle and M4 Carbine Family of Weapons

The following figure shows the M16 rifle and M4 carbine family of weapons.

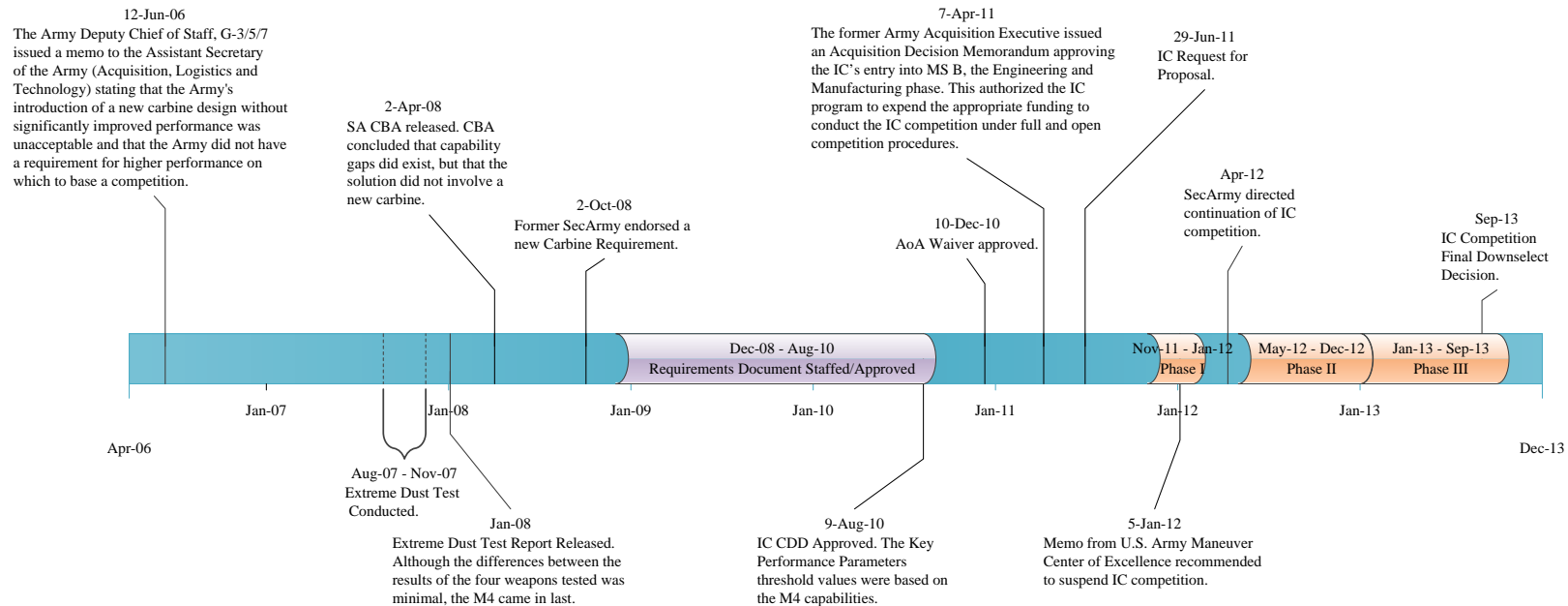


The following figure shows the improvements made to the M4 carbine since 1990.



## Appendix C

### Timeline of Key Events



## Appendix D

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### Chronology, Key Events, and Activities

**June 12, 2006.** Issuing a memorandum to the Assistant Secretary of the Army (Acquisition, Logistics and Technology), the Army Deputy Chief of Staff, G-3/5/7, stated that the introduction of a new carbine design without significantly improved performance was unacceptable and that the Army did not have a requirement for higher performance on which to base a competition.

**August 2007 – November 2007.** Extreme dust test conducted.

**January 2008.** Extreme dust test final report issued. The report showed that the M4 experienced more failures than the other weapons tested. The report did not provide any conclusions on what was an acceptable failure rate, identify causes for failures of any weapon, or provide any recommendations for improvement.

**April 2, 2008.** CBA Final Report does not recommend new materiel solution.

**October 2, 2008.** The Secretary of the Army issued a memorandum directing the Army Acquisition Executive (AAE), the Assistant Secretary of the Army (Financial Management and Comptroller), and Vice Chief of Staff to initiate a best value, full and open competition for carbines following the approval of a new IC requirement.

**August 9, 2010.** IC CDD was approved. The IC CDD threshold requirements were primarily based on the capabilities of the current carbine system (the M4).

**December 10, 2010.** The AAE approved the waiver of the regulatory requirement for an analysis of alternatives for the IC program.

**April 7, 2011.** The AAE issued Acquisition Decision Memorandum providing the IC program entry into the Engineering and Manufacturing Development phase in the defense acquisition system. In the Acquisition Decision Memorandum, the AAE stated that the IC Engineering and Manufacturing Development phase was fully funded with RDT&E and procurement funding available in the Program Objective Memorandum under the M4 funding.

**June 29, 2011.** Individual Carbine Request for Proposal issued.



**January 5, 2012.** The Commanding General, U.S. Army Maneuver Center of Excellence, issued a memorandum recommending the IC competition efforts and source selection process be suspended.

**April 2012.** The Secretary of the Army directed the continuation of the IC competition.

**September 2013.** The IC competition final down-select is scheduled to occur.

## Appendix E

### Quick Reaction Memorandum and Response



**INSPECTOR GENERAL**  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

December 28, 2012

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (ACQUISITION,  
LOGISTICS, AND TECHNOLOGY (ASAALT))  
PROGRAM EXECUTIVE OFFICE SOLDIER (PEO SOLDIER)  
PROJECT MANAGER SOLDIER WEAPONS (PM-SW)  
PRODUCT MANAGER INDIVIDUAL WEAPONS (PM-IW)

SUBJECT: Concern Regarding the Army Awarding Contracts at the Conclusion of the Second  
Phase of the Individual Carbine Program Source Selection Process

We are providing this memorandum for your attention and suggested action before completing Project No. D2012-D000AE-0196.000, "Audit of the Individual Carbine Program." We are concerned that Individual Carbine (IC) product office officials plan to obligate up to \$420,000 to award three contracts for the third phase of the IC source selection process. Army officials could unnecessarily expend funds to procure and test IC's that the Army does not need.

The Army did not have a requirement for a new IC. The 2008 Small Arms Capability Based Assessment (CBA) did not identify any capability gaps that required replacing the Army's current carbine. The Army primarily based minimally acceptable values for IC's key performance requirements as identified in the approved Capability Development Document (CDD) on the capabilities of the M4 carbine. Furthermore, according to the Director, Capabilities Integration, Prioritization, and Analysis, U.S. Army Deputy Chief of Staff G-3/5/7, the only requirement the Army had was for additional carbines.

However, we question whether the Army still needs additional carbines. On January 5, 2012, the Commanding General, U.S. Army Maneuver Center of Excellence, issued a memorandum recommending the IC competition efforts and source selection process be suspended. The Commanding General stated that the ongoing M4 Carbine Product Improvement Program would provide some of the capabilities expected to be gained through the IC competition. Therefore, the Army's immediate need for the IC source selection efforts was not as great. The Commanding General also stated that the Army should focus its limited funding on the Army's highest priority capability needs.

On January 27, 2012, the U.S. Army Requirements Oversight Council met to discuss the way ahead. The Council evaluated several actions to include canceling the competition and cease purchasing new carbines. The briefing slides used to facilitate the discussion indicate there was no impact to readiness and minimal to moderate industrial base impact if the Army canceled the IC competition and ceased purchasing new carbines. The briefing slides also show that changes to Army force structure have reduced the number of carbines required.

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## Quick Reaction Memorandum and Response (cont'd)

We suggest that the Army cancel the IC competition until the Army has a requirement for improved performance on which to base a competition, and thereby avoid unnecessary contract costs associated with the award of three contracts at the end of Phase II of the IC program's source selection process.

### Background

The Army is pursuing a "dual path" strategy that consists of the continuous improvement program for the M4 Carbine, paired with a full and open carbine competition. According to the Program Executive Office Soldier Portfolio FY 2012, the results of these efforts will provide soldiers with enhanced battle rifles that are more effective, reliable, and accurate than the current fleet of M16/M4 weapon systems.

The first path is the M4 Product Improvement Program. It continues the Army practice of improving Soldier weapons. Since 1990, the M4 weapon system has had more than 90 performance-enhancing engineering change proposals completed. However, the main purpose of the first phase of the M4 Product Improvement Program is to upgrade all Army M4 carbines to the M4A1 configuration, which has a fully automatic capability, an ambidextrous selector switch, and a heavier barrel that increases both the weapon's sustained rate of fire and barrel life. The second phase of the M4 Product Improvement Program will explore future improvements for the carbine to deliver enhanced ergonomics, reliability, durability, and zero retention (the ability to exchange optics without requiring the weapon to be re-zeroed).

The second path is the IC program, which aims to challenge industry to create a better carbine. The Secretary of the Army directed the initiation of the program with the goal of procuring and fielding an IC that can achieve greater accuracy; increase lethality on the battlefield, ergonomics and reliability; and use current accessory items or other items with like capabilities. The IC program is currently in the Engineering and Manufacturing Development phase of the acquisition process. The estimated total cost of the program is \$1.77 billion for a quantity requirement of 501,289 carbines. The Milestone C Production Decision Review is scheduled for March 2014.

According to the IC acquisition strategy, the Army has devised a three phased process to select the winner of the IC competition.

- Phase I - The Army eliminated companies that proposed to supply carbines failing to meet the desired attribute requirements or that lacked the capability to meet the Government's production requirements.
- Phase II - Army testers are shooting hundreds of thousands of rounds through offerors' test weapons to assess accuracy, reliability, and durability. The Army expects this phase to end in December 2012 with the award of contracts to three offerors who will advance to Phase III.

## Quick Reaction Memorandum and Response (cont'd)

- Phase III - Using the contracts issued, the Army will buy more weapons to conduct further testing of three successful offerors' weapons against the key performance and configuration metrics. In addition, the Army will perform limited user evaluations to obtain operational input to support the selection of the winning offeror.

When the source selection process is completed, the Army will then conduct a cost benefit analysis to make an informed decision on whether the Army's best interest is to buy the carbine selected during the IC competition over the improved M4 carbine.

### **Introduction of a New Carbine Without Significantly Improved Performance Is Unacceptable and the Army Does Not Have a Requirement for Higher Performance on Which to Base a Competition**

The Army position before 2008 was that a new carbine was not required. As reported in DoD Inspector General Report No. D-2007-026, "Competition of the 5.56-Millimeter Carbine," November 22, 2006, the Program Executive Office Soldier, through the U.S. Army TACOM Life Cycle Management Command, prematurely issued a pre-solicitation notice for a non-developmental 5.56-millimeter carbine. The Army used the M4 carbine required capability document as the basis for the performance requirements described in the pre-solicitation notice. The Army issued the pre-solicitation notice because of the high price of the M4 carbine and the potential to procure a carbine with improved capabilities and performance.

After the issuance of the pre-solicitation notice, the Army contacted and obtained unit price reductions from Colt Defense LLC for future M4 carbine purchases, conducted a business case analysis that incorporated the lower pricing, and allowed the Assistant Secretary of the Army (Acquisition, Logistics, and Technology) to conclude that the results were not sufficient to justify competition. In addition, the Assistant Secretary directed the Program Executive Office Soldier to negotiate further M4 carbine unit price reductions with Colt Defense LLC and stated that if they were to provide the M4 carbines at a reasonable price, the Army would continue to purchase M4 carbines from them through 2009 or until the Joint Requirements Oversight Council approved a new requirement for a carbine. On April 27, 2006, the Assistant Secretary canceled the competition proposed in the pre-solicitation notice.

On June 12, 2006, the Deputy Chief of Staff (G-3/5/7) issued a memorandum to the Assistant Secretary of the Army (Acquisition, Logistics, and Technology) in which he stated the Army's introduction of a new carbine design without significantly improved performance was unacceptable and that the Army did not have a requirement for higher performance on which to base a competition.

### **Small Arms Capability Based Assessment Did Not Recommend Replacing M4 Carbine**

In April 2008, the U.S. Army Infantry Center at Fort Benning, Georgia, conducted the CBA to determine small arms capability gaps and to provide the analysis to support revising small arms requirements to include the carbine, if necessary. The CBA examined the joint requirements of individual warfighters, teams, squads, and platoons that employ small arms as a primary means



## Quick Reaction Memorandum and Response (cont'd)

of accomplishing offensive and defensive missions through 2015. The CBA concluded that, while there were significant Small Arms shortfalls, the solution did not start with replacing the current carbine. Instead, the study recommended a mix of non-materiel and materiel solutions. The non-materiel solutions focused on improving training, updating doctrine, and expanding use of ancillary devices. The materiel solutions focused on improving ammunitions and optics, thereby providing Warfighters with weapons that require fewer, simpler tools to maintaining and pursuing the development of airbursting munitions. The CBA also noted that feedback from the field cited overwhelming reliability of current weapons when properly maintained.

### **Individual Carbine's Performance Requirements Were Primarily Based on the Capabilities of the M4 Carbine**

On October 2, 2008, the Secretary of the Army issued a memorandum to the Army Acquisition Executive concerning the IC competition. In the memorandum, the Secretary stated that given the Department's significant interest in providing soldiers with the best small arms weapons available, he directed the Army Acquisition Executive to take all necessary actions to initiate a best value, full and open competition for carbines. The Secretary stated that emerging threats and obsolescence would drive future weapons replacement. In addition, the Secretary stated that the Army must consider innovative technologies and demonstrate the best system available to provide our soldiers with the best carbines in the world. The Secretary also endorsed the use of emerging threat analysis to develop a new carbine requirement and further directed that the Army Acquisition Executive expedite efforts to achieve a new Joint Capability Integration and Development System carbine requirement no later than the end of FY 2009. Finally, the Secretary directed a full and open competition for a carbine that addressed current and emerging threats following the approval of a new requirement.

The IC CDD established the requirement for providing soldiers with a compact weapon system that is more reliable, easier to maintain, has a higher rate of fire, and is more accurate and lethal, especially at extended ranges, than the M4. The IC CDD states that it addressed the capability gaps identified in the April 2008 Small Arms CBA and the Secretary of the Army's directive to the Army Acquisition Executive to initiate a best value, full and open competition, to provide soldiers with an enhanced carbine that will maintain our weapon superiority.

However, the Army does not have a valid requirement for a new carbine. As stated previously, the April 2008 Small Arms CBA did not identify any capability gaps that required replacing the M4 Carbine. Although the IC CDD identified 4 Key Performance Parameters and 16 Key Systems Attributes that the Army considered critical for the new IC to achieve to address the gaps, the Army based the thresholds<sup>1</sup> for those performance requirements primarily on those of the M4 carbine. Because the M4 meets the thresholds for the key performance requirements identified in the IC CDD, there are no capability gaps to justify the IC program. According to the Director, Capabilities Integration, Prioritization and Analysis, U.S. Army Deputy Chief of Staff G-3/5/7, the Army is conducting the IC competition to see if industry can deliver a better carbine than what the Army is using today.

<sup>1</sup> Threshold is the minimum acceptable operational value below which the utility of the system becomes questionable.

## Quick Reaction Memorandum and Response (cont'd)

In a meeting on November 13, 2012, the Director, Capabilities Integration, Prioritization and Analysis, U.S. Army Deputy Chief of Staff G-3/5/7, stated that the only requirement the Army had was for additional carbines. The Director also stated that rather than modifying its existing M4 contract to allow the Army to buy additional carbines, the Army established the IC program to be confident it was purchasing the best weapon possible, and initiated the \$23 million competition. According to the Director, the competition will collect the test information needed to confirm that our soldiers are receiving the best possible weapon. The Director also stated that the open competition would give the Army the opportunity to procure the carbine at a lower cost.

### **Army May No Longer Have a Legitimate Need for Additional Carbines**

On January 5, 2012, the Commanding General, U.S. Army Maneuver Center of Excellence, issued a memorandum recommending the IC competition efforts and source selection process be suspended. In the memorandum, the Commanding General stated that the ongoing M4 Carbine Product Improvement Program would provide some of the capabilities the Army expected to gain through the IC competition, which reduced the immediate need for the IC source selection efforts. The Commanding General also stated that limited funding should be focused on the Army's highest priority capability needs and that the Army's Training and Doctrine Command capability based assessment, "Squad: Foundation of the Decisive Force," identified more immediate and higher priority capability needs associated with force effectiveness.

On January 27, 2012, the U.S. Army Requirements Oversight Council met to discuss the way forward and developed the following course of actions:

- Status Quo: Continue dual path strategy (conduct carbine competition and M4 Product Improvement Program),
- Cancel the competition and buy more M4A1s through open competition, or
- Cancel the competition and cease purchasing new carbines.

The meeting's briefing slides indicate that there was no readiness impact and minimal to moderate industrial base impact if the Army canceled the IC competition and ceased purchasing new carbines. The briefing slides also show that Army force structure changes reduced the number of carbines required.

### **Suggested Actions To Address Unnecessarily Expending Funds**

We suggest the Army cancel the IC competition until the Army has a requirement for improved performance on which to base a competition, to avoid unnecessary contract costs associated with the award of three contracts at the end of Phase II of the IC program's source selection process.

## Quick Reaction Memorandum and Response (cont'd)

We are performing this audit in accordance with generally accepted government auditing standards and are providing you these interim results so that you may start taking appropriate corrective actions. We will provide additional details in a forthcoming audit report, which will include any corrective actions the Army takes. Therefore, we request that you apprise us of all corrective actions taken to address the suggested actions by February 1, 2013.

Please direct questions to Ms. Susan J. Lippolis at (703) 604-9081 (DSN 664-9081), [Susan.Lippolis@dodig.mil](mailto:Susan.Lippolis@dodig.mil) or Mr. Patrick J. Nix at (703) 604-9332 (DSN 664-9332), [Patrick.Nix@dodig.mil](mailto:Patrick.Nix@dodig.mil).



Jacqueline L. Wicecarver  
Assistant Inspector General  
Acquisition and Contract Management



## Quick Reaction Memorandum and Response (cont'd)



**DEPARTMENT OF THE ARMY**  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON DC 20310-0103

MAR 29 2013

SAAL-SMS

**MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL**

**SUBJECT:** Assistant Secretary of the Army (Acquisition, Logistics and Technology)  
Response to the Department of Defense Inspector General (DoDIG) Concern  
Regarding the Army Awarding Contracts at the Conclusion of the Second Phase of the  
Individual Carbine (IC) Program Source Selection Process

1. Reference memorandum, Department of Defense Inspector General, 28 December 2012, subject: Concern Regarding the Army Awarding Contracts at the Conclusion of the Second Phase of the Individual Carbine Program Source Selection Process.
2. The Army appreciates the opportunity to respond to the referenced memorandum of concern regarding the award of contracts upon conclusion of Phase II of the IC competition. While we are assessing the DOD IG findings comprehensively, the integrity and sensitive nature of our source selection process does not allow us to address your findings directly in this response. However, we fully understand the concerns expressed in the memorandum and we will not award Phase III contract(s) until we have adequately addressed your findings.
3. The Army believes strongly in competition as a means to control cost and ensure we continue to deliver the highest quality product to our service men and women. I'm confident the Army will continue to take the prudent steps necessary to manage our inventory of rifles and carbines in the most cost effective manner.

A handwritten signature in blue ink, appearing to read "Heidi Shyu", is positioned above the printed name.

Heidi Shyu  
Assistant Secretary of the Army  
(Acquisition, Logistics and Technology)

## Appendix F

### Summary of Potential Monetary Benefits

Potential monetary benefits are calculated using Future Years Defense Program (FYDP) 2013-2018 data, as shown in Table F-1. The actual benefits achieved could range anywhere from zero to \$382 million, depending on the extent of actions taken in response to the report recommendations, such as termination of the IC program, elimination of the IC program funding, and validating the quantity of carbines the Army needs.

*Table F-1. Potential FYDP 2013-2018 Monetary Benefits Associated With Actions Taken in Response to Recommendations for the Carbine Program*

Potential Monetary Benefits FY 2013 – FY 2018				
Recommendation	Type of Benefit	Amount of Benefit (millions)	Account	
			Fiscal Year	Appropriation
1, 2, and 3	Funds Put to Better Use	\$7.2	2013	RDT&E
		21.3	2013	Procurement
		70.8	2014	Procurement
		70.9	2015	Procurement
		71.0	2016	Procurement
		70.9	2017	Procurement
		70.0	2018	Procurement
Total		\$382.0		

Further, up to an additional \$2.14 billion in potential cost avoidance associated with the extent of actions taken in response to report recommendations, which is not incorporated in the FYDP for the years beyond 2018, is calculated in Table F-2. Any reduction in the procurement quantity will have an effect on Operations and Support amounts baselined in the original APB.

*Table F-2. Potential Monetary Benefits Associated With Actions Taken in Response to Recommendations for the Carbine Program in Years Beyond the Current FYDP*

Potential Cost Avoidance	
Appropriation	Amount (millions)
Procurement	\$1,159.1
Operation and Support	977.0
<b>Total</b>	<b>\$2,136.1</b>

## Management Comments

### Assistant Secretary of the Army (Financial Management and Comptroller) Comments



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
FINANCIAL MANAGEMENT AND COMPTROLLER  
109 ARMY PENTAGON  
WASHINGTON DC 20310-0109

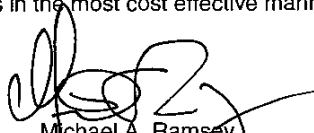
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SAFM-BUI

#### MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Assistant Secretary of the Army (Financial Management and Comptroller)  
Response to the Department of Defense Inspector General (DoDIG) Recommendations  
Regarding the Individual Carbine (IC) Program Funding

1. Reference draft report, Department of Defense Inspector General, 25 July 2013, subject: Army Requirement to Acquire Individual Carbine Not Justified, Project Number D2012-D000AE-0196.000.
2. I welcome the opportunity to respond to the recommendations of the referenced draft report.
3. The Army canceled the Individual Carbine (IC) procurement because no vendor successfully met all of the requirements. The current IC funding profile is as follows:
  - a. FY 2013 Research and Development (R&D) funding associated with the IC was reprogrammed into Operation and Maintenance, Army Appropriation. FY 2014 R&D and procurement IC funding has been zeroed out by Senate Appropriations Committee - Defense (SAC-D) mark on 1 Aug 2013; Army does not plan to appeal.
  - b. The IC Procurement dollars in Fiscal Year (FY) 2015-2018 are under review and IC funding will be reallocated to other Army priorities.
4. The Army believes strongly in providing the best equipment available to our service men and women. I am confident the Army will continue to prudently manage our inventory of rifles and carbines in the most cost effective manner.

  
Michael A. Ramsey  
Director of Investment

## Assistant Secretary of the Army (Acquisition, Logistics and Technology) Comments




DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON DC 20310-0103

SAAL-SMS

### MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Assistant Secretary of the Army (Acquisition, Logistics and Technology)  
Response to the Department of Defense Inspector General (DoDIG) Recommendation  
Regarding the Individual Carbine (IC) Program

1. Reference draft report, DoDIG, 25 July 2013, subject: Army Requirement to Acquire Individual Carbine Not Justified, Project Number D2012-D000AE-0196.000.
2. The Army appreciates the opportunity to respond to the draft report recommendation from the DoDIG to terminate the Individual Carbine competition and eliminate funding the Individual Carbine program.
3. The Army concluded the IC competition on 13 June 2013 because no vendor successfully met all of the requirements prescribed by Phase II of the competition. Since the competition concluded at the end of Phase II, the competition did not proceed into Phase III and the remaining Research and Development funding was reprogrammed into other Operations and Maintenance, Army programs. The procurement funding in Fiscal Year 2015-2018 (FY15-18) that was associated with the IC currently remains within the Carbine funding line. The Carbine funding line originally supported procurement of both the M4A1 in FY13-14 and the winner of the Individual Carbine competition in FY14-18. The Army is currently reviewing the right mix of M4/M16 capabilities for the near and mid-term. Once that decision is made, the Army will either execute the procurement funds in the carbine line to procure additional M4A1s beyond FY14 or re-allocate funding into other programs within the Army.
4. The Assistant Secretary of the Army (Financial Management and Comptroller) and the Deputy Chief of Staff of the Army, G-3/5/7 will both respond to their respective recommendations in separate correspondence.
5. The Army believes strongly in providing the best equipment available to our Service men and women. I am confident the Army will continue to prudently manage our inventory of rifles and carbines in the most cost effective manner.

  
HAROLD J. GREENE  
Major General, GS  
Deputy for Acquisition  
and Systems Management

## Army Deputy Chief of Staff, G-3/5/7, Comments



DEPARTMENT OF THE ARMY  
OFFICE OF THE DEPUTY CHIEF OF STAFF, G-3/5/7  
400 ARMY PENTAGON  
WASHINGTON, DC 20310-0400


**AUG 13 2013**

DAMO-CI

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL  
4800 Mark Center Drive, Alexandria, VA 22350-1500

SUBJECT: HQDA G-3/5/7 Response to Recommendation #2 of the Department of  
Defense Inspector General Draft Report, Project Number D2012-D000AE-0196.000

1. Reference draft report, Department of Defense Inspector General, 25 July 2013, subject: Army Requirement to Acquire Individual Carbine Not Justified, Project Number D2012-D000AE-0196.000.
2. The Army is currently reviewing the correct mix of M4/M16 capabilities for the near and mid-term. This review is in conjunction with the ongoing Small Arms Weapons Strategy development and will include all components of the force. The path forward includes assessment and analysis of current individual weapons, optics and training to determine if additional capabilities in range and lethality are needed to avoid overmatch by potential adversaries.

  
PETER B. BECHTEL  
Director, Capabilities Integration,  
Prioritization, and Analysis

## Acronyms and Abbreviations

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**AAE** Army Acquisition Executive

**CBA** Capabilities Based Assessment

**CDD** Capability Development Document

**IC** Individual Carbine

**JCIDS** Joint Capabilities Integration and Development System

**PEO** Program Executive Office

**SA** Small Arms

# **Whistleblower Protection**

## **U.S. DEPARTMENT OF DEFENSE**

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4800 Mark Center Drive  
Alexandria, VA 22350-1500  
[www.dodig.mil](http://www.dodig.mil)  
Defense Hotline 1.800.424.9098

